

**FORM ADV PART 2A  
INVESTMENT ADVISER BROCHURE**

**LEVINE LEICHTMAN CAPITAL PARTNERS, LLC**

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**March 30, 2022**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Levine Leichtman Capital Partners, LLC (“LLCP”). If you have any questions about the contents of this Brochure, please contact us at 310-275-5335. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

LLCP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding LLCP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2            MATERIAL CHANGES**

LLCP filed its most recent Form ADV Part 2 on March 31, 2021. This Brochure amends the most recent annual update to incorporate certain changes and updates to the business practices of LLCP and its affiliates.

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## ITEM 4      **ADVISORY BUSINESS**

Levine Leichtman Capital Partners, LLC (“**LLCP**”), a California limited liability company and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere and to managed accounts.<sup>1</sup> LLCP is the successor to Levine Leichtman Capital Partners, Inc., which commenced operations in 1984.

LLCP’s clients include the following:

### **Structured Private Equity Funds:**

- Levine Leichtman Capital Partners II, L.P. (“**LLCP II Fund**”)
- Levine Leichtman Capital Partners III, L.P. (“**LLCP III**”) and its parallel investment vehicle<sup>2</sup> (collectively, “**LLCP III Funds**”)
- Levine Leichtman Capital Partners IV, L.P. (“**LLCP IV**”) and its parallel investment vehicle<sup>3</sup> (collectively, “**LLCP IV Funds**”)
- Levine Leichtman Capital Partners V, L.P. (“**LLCP V**”) and its parallel and alternative investment vehicles<sup>4</sup> (collectively, “**LLCP V Funds**”)
- Levine Leichtman Capital Partners VI, L.P. (“**LLCP VI**”) and its parallel and alternative investment vehicles and feeder vehicle<sup>5</sup> (collectively, “**LLCP VI Funds**”, and together with the LLCP II Fund, the LLCP III Funds, the LLCP IV Funds and the LLCP V Funds, the “**Structured Private Equity Series Funds**”)
- Levine Leichtman Small Business Fund, L.P. (“**Small Business Fund**”)
- Levine Leichtman Capital Partners California Growth Fund, L.P. (“**CA Growth Fund**”)

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<sup>1</sup> Solely for purposes of this Brochure, references to a “Fund” or “Funds” shall include any client of LLCP or its affiliated investment advisers, (including, where context requires, a managed account), but shall not include, unless context requires, a sub-managed account.

<sup>2</sup> LLCP III’s parallel investment vehicle is Levine Leichtman Capital Partners III-Amicus Fund, L.P.

<sup>3</sup> LLCP IV’s parallel investment vehicle is Levine Leichtman Capital Partners IV-Amicus Fund, L.P.

<sup>4</sup> LLCP V’s parallel and alternative investment vehicles are Levine Leichtman Capital Partners V Amicus Fund, L.P., Levine Leichtman Capital Partners V International Fund, L.P., Levine Leichtman Capital Partners V AIV, L.P. and Levine Leichtman Capital Partners V Amicus Fund AIV, L.P.

<sup>5</sup> LLCP VI’s parallel and alternative investment vehicles are Levine Leichtman Capital Partners VI Amicus Fund, L.P., Levine Leichtman Capital Partners VI-A, L.P., Levine Leichtman Capital Partners VI AIV, L.P., Levine Leichtman Capital Partners VI Amicus Fund AIV, L.P. and Levine Leichtman Capital Partners VI-A AIV, L.P. LLCP VI’s feeder vehicle is LLCP VI-A LR Partnership, L.P., which is a feeder fund for Levine Leichtman Capital Partners VI-A, L.P.

- Levine Leichtman Capital Partners Europe, L.P. (“**Europe Fund**”)
- LLC Lower Middle Market Fund, L.P. (“**LMM II**”) and its parallel investment vehicle<sup>6</sup> (collectively, “**LMM II Funds**”)
- LLC Lower Middle Market Fund III, L.P. (“**LMM III**”) and its parallel investment vehicle<sup>7</sup> (collectively, “**LMM III Funds**” and together with the LMM II Funds, the “**LMM Funds**”)
- Levine Leichtman Capital Partners Europe II SCS (“**Europe II Fund**”)

#### **Private Capital Solutions Funds:**

- Levine Leichtman Capital Partners Private Capital Solutions, L.P. and its parallel investment vehicle<sup>8</sup> (collectively, “**LLCP PCS Funds**”)

#### **Co-Invest Funds:**

- LLC Co-Investment Fund, L.P. (“**LLCP Co-Invest**”) and its parallel and alternative investment vehicles<sup>9</sup> (collectively, “**Co-Invest Fund**”)<sup>10</sup>

#### **Other Funds:**

- LLC-A Investment Partnership, L.P. and its related entities

The following general partner and/or adviser entities are affiliated with LLC:

#### **Structured Private Equity Fund Advisers:**

- LLC California Equity Partners II, L.P.
- LLC Partners III, LLC
- LLC Partners IV GP, LLC
- LLC Partners V GP, LLC
- LLC Partners VI GP, L.P.

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<sup>6</sup> LMM’s parallel investment vehicle is LMM Parallel Fund, L.P.

<sup>7</sup> LMM III’s parallel investment vehicle is LLC Lower Middle Market Fund III-A, L.P.

<sup>8</sup> LLC PCS’s parallel investment vehicle is Private Capital Solutions Parallel Fund, L.L.C.

<sup>9</sup> LLC Co-Invest’s parallel and alternative investment vehicles are LLC Co-Investment Parallel Fund, L.P., LLC Co-Investment Fund AIV, L.P. and LLC Co-Investment Parallel Fund AIV, L.P.

<sup>10</sup> LLC VI-A LR Partnership, L.P. also includes a co-investment component. See footnote 5.

- LLCP Small Business GP, LLC
- LLCP California Growth GP, LLC
- LLCP Europe GP, L.P.
- LLCP LMM GP, LLC
- LLCP LMM III GP, L.P.
- LLCP Partners Europe II GP, S.à r.l.
- LLCP Partners Europe II GP, L.P.

#### **Private Capital Solutions Fund Advisers**

- LLCP PCS GP, LLC

#### **Co-Invest Fund Adviser**

- LLCP Co-Investment GP, L.P.

#### **Other Fund Adviser**

- LLCP-A GP, LLC

Except where specified, references to an “**Adviser**” in this Brochure refer to any of the general partner and/or adviser entities described above, and references to the “**Firm**” collectively refer to all Advisers, together with LLCP, and their affiliated entities.

Each Adviser is subject to the Advisers Act pursuant to LLCP’s registration in accordance with SEC guidance.<sup>11</sup> This Brochure also describes the business practices of each of the Advisers, which operate as a single advisory business together with LLCP.

The Funds are private equity and/or debt funds and principally invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” The Firm’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of LLCP or its affiliates generally serve on such portfolio companies’ respective boards of directors or

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<sup>11</sup> The Advisers are also affiliated with Levine Leichtman Strategic Capital, LLC (“**LLSC**”), which is separately registered with the SEC under the Advisers Act, and more information regarding LLSC can be found on its Form ADV Part 2A.

otherwise act to influence control over management of portfolio companies in which the Funds have invested.

The Firm's advisory services to the Funds are detailed in the relevant private placement memoranda or other offering documents (each, a "**Memorandum**"), investment management agreements, limited partnership or other operating agreements or governing documents of the Funds (each a "**partnership agreement**" and, together with any relevant Memorandum, the "**Governing Documents**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in Funds (generally referred to herein as "investors" or "limited partners") participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant partnership agreement; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between LLC and any investor. The Funds or their respective general partners have entered into side letters or other similar agreements ("**Side Letters**") with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant partnership agreement with respect to such investors. Certain Funds, such as the Co-Invest Fund, are structured to facilitate investments by co-investors alongside certain other Funds.

The Firm allocates investment opportunities to clients (including the Funds) in accordance with the client's stated investment objectives and strategy, operating documents and agreements, investment and operating guidelines, diversification and concentration limitations (including the potential for follow-on investments), portfolio construction considerations, investment period/life-cycle considerations, capital availability, tax and regulatory considerations, minimum dollar limitations, risk considerations, leverage availability, liquidity constraints and other relevant factors ("**Allocation Factors**"). To the extent the primary client pursuing an investment opportunity based on the Allocation Factors does not fully subscribe to the opportunity, the Firm expects to allocate some or all of the remaining investment opportunity to committed or agreed co-invest funds, or vehicles or other accounts managed or sub-managed by the Firm, including accounts sub-managed by LLC. Such allocation shall be determined by the Firm in order to facilitate certainty of closing, timely execution by the client and to meet other objectives benefiting the client or determined appropriate by the Firm and shall take into account the Allocation Factors and all other relevant factors with respect to the investment (including potential requirements for follow-on investment and/or capacity for additional funding in the underlying investments). The Firm further has the authority, in its sole discretion, to offer an allocation of the investment opportunity (a "**Syndicated Co-Investment**") to (a) existing limited partners of its clients taking into account applicable agreements, conflicts and the Allocation Factors; and (b) other co-investors selected by the Firm, including lenders and other strategic or other parties selected on a case-by-case basis and taking into account a wide range of factors. The Firm reserves the right also to organize one or more co-investment funds to invest in clients or to co-invest alongside clients to facilitate personal investments by such persons or firms and by partners, officers and employees and their related parties and associates of the Firm or of control entities. The Firm expects that it will, from time to time, charge a management fee to, or receive carried interest from, such co-investment funds, vehicles and accounts.

As of December 31, 2021, the Firm (excluding amounts managed by LLSC) managed \$8,234,457,120 in client assets on a discretionary basis. LLCP is controlled by Arthur E. Levine and Lauren B. Leichtman.

## **ITEM 5 FEES AND COMPENSATION**

In general, the Firm receives management fees and carried interest in connection with the provision of advisory services to its clients. LLCP or other Firm entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation will offset in whole or in part the management fees otherwise payable to the Firm to the extent provided by the relevant Governing Documents. Investors in the Funds also bear certain fund expenses. The specifics of each fee arrangement are negotiated for each Fund and are fully described in the limited partnership agreement related to the specific Fund.

### **Management Fees**

Each of the Funds (other than the Europe Fund) pays LLCP, on a semi-annual basis or quarterly in advance, depending upon the Fund, a management fee (the “**Management Fee**”) of up to 2.1% on an annual basis of aggregate Fund investor capital commitments (subject to any waiver of fees for affiliated partners set forth in the applicable Governing Documents) (“**Commitments**”) or, in certain cases, invested capital. After the active investment period expires (or upon the occurrence of certain other events set forth in such Fund’s partnership agreement), a Fund’s Management Fee is typically reduced to an agreed upon percentage (set forth in the applicable partnership agreement) of funded Commitments in respect of investments that have not been disposed of or written off (or, in the case of the Small Business Fund, a percentage of the excess of the cost of loans and investments that remain as ongoing concerns over the capital contributions used to make such loans and investments). Where the Governing Documents calculate Management Fees based on the amount of Commitments or the amount of investment contributions, the amount of Management Fees generally will not be reduced based on reductions in investment value, except where specified by the relevant Governing Documents. Although the Europe Fund is not charged a Management Fee on Commitments or invested capital, unlike the other Funds, the Europe Fund will bear management costs through reimbursement out of its profits of any allocated overhead expenses that LLCP or its general partner incurred (including salaries, rent, and other expenses incurred in maintaining LLCP’s place of business), as further detailed in such Fund’s partnership agreement.

#### *Other Management Fee Information*

Installments of the applicable management fee for any Fund for any period other than a full semi-annual or quarterly period, as applicable, are adjusted on a pro rata basis based on the actual number of days during the period. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

The portfolio companies in which a Fund invests often pay directors’ fees, transaction fees, investment banking fees, advisory fees, monitoring fees, break-up fees, disposition fees,

liquidation fees and other similar fees (“**Transaction and Monitoring Fees**”) to the Firm or any of its officers or employees. To the extent required under the Fund’s Governing Documents, any such Transaction and Monitoring Fees received by the Firm’s employees are required to be immediately remitted to the Firm. The Management Fee of the Funds will be reduced by an amount ranging from 50% to 100% of the Transaction and Monitoring Fees, net of unreimbursed expenses in connection with consummated and unconsummated investments and adjusted for any non-fee paying investors, in each case as specified in the Governing Documents of the Fund. To the extent that such a reduction would reduce the Management Fee for a given period below zero, the credit will be carried forward for future application against payable Management Fees and if a credit remains upon liquidation, if specified in a Fund’s partnership agreement, such credit will be apportioned to limited partners choosing to receive such amounts. If Transaction and Monitoring Fees are paid by a portfolio company in which there are co-investors (which could include co-investment vehicles managed by the Firm, third parties, portfolio company management or employees and/or others), unless otherwise specified by the Governing Documents the Firm is permitted to cause a portion of such fees to be deemed to be on the account of, and then would typically be paid to, such co-investors, and the portion of such fees related to such co-investors, which have the potential to be significant, typically would not reduce the Management Fee payable by any Fund(s) (other than a co-invest fund) that also invested in such investment. In such event a Fund would only benefit with respect to its allocable portion of any such fee. The Firm generally has discretion over whether to charge Transaction and Monitoring Fees to Fund portfolio companies, and if so, the rate, timing, method and/or amount of such compensation, as well as where such amounts are charged in a portfolio investment’s holding or operating structure. Unless otherwise agreed with investors, the Firm is authorized to receive Transaction and Monitoring Fees during term extensions, even if Management Fees are reduced or eliminated during the extended term.

### **Carried Interest**

Each Fund general partner will receive a carried interest with respect to the relevant Fund of up to 20% of all realized profits, subject to the preferred return specified in the relevant partnership agreement. The carried interest distributed to a Fund’s general partner is subject to a potential giveback if the conditions set forth in the relevant partnership agreement are met.

It is expected that any future Funds will have a similar compensation structure.

### **Other Information**

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the applicable partnership agreement of the Funds, over the term of the relevant Fund and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of the Firm generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the Firm or its affiliates.

In addition to the Management Fee and carried interest, each Fund bears certain expenses. As set forth in, and subject to any restrictions in, the applicable Governing Document, each Fund will pay the costs, expenses and liabilities associated with its organization and operations, including, without limitation those attributable to some or all of the following: (i) activities with respect to (A) structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to periodicals or databases), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, the Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful and (B) developing, structuring, operating and winding up administrative structures in non-U.S. countries that are put in place to operate or substantiate the Fund's investment activities (including any travel expenses related to such structures or otherwise incurred in connection with attending board meetings related to such structures); (ii) indebtedness of, or guarantees made by, such Fund, or by the Adviser or general partner on behalf of such Fund (including any credit facility, letter of credit or similar credit support), including repayment of principal and interest with respect thereto or of seeking to put in place any such indebtedness or guarantee; (iii) broker, dealer, finder, underwriting (including, without limitation, both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (iv) brokerage, sale, custodial, depository (including costs and expenses relating to the appointment or change of any depository or representative and paying agent (pursuant to the AIFMD or similar regulations), trustee, record keeping, account and similar services; (v) legal, accounting, research, auditing, administration (including fees and expenses associated with anti-money laundering and "know your customer" compliance obligations (including if outsourced), such Fund's third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting (including consultants performing investment initiatives and other similar consultants), tax and other professional services; (vi) reverse breakup, termination and other similar fees; (vii) financing, commitment, origination and similar fees and expenses; (viii) to the extent permitted by applicable law, directors and officers liability, fidelity bond, cyber security, portfolio company management liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles and broker fees, costs and commissions and the costs of any consultants or other advisors utilized in the procurement, review and analysis of insurance policies; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing, communications, marketing and publicity; (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s (or equivalent), other communications with Fund investors, or any other Fund-related or investment-related administrative, compliance or regulatory filings or reports (including Form PF, Bureau of Economic Analysis Reports and any filings, reports or other compliance

contemplated by any non-U.S. securities laws or any similar law, rule or regulation (including, for the avoidance of doubt, any disclosure and transparency and/or portfolio company requirements thereunder)), or other information, including fees and costs of any third-party service providers (including, for the avoidance of doubt, non-U.S. distribution agents) and professionals related to the foregoing; (xii) compliance with any applicable financial account reporting regime; (xiii) any Fund-related filings or reports contemplated by, or compliance with, any law, intergovernmental agreement or other legal or administrative requirement relating to the reporting of foreign assets to applicable taxing authorities and any fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiv) any activities with respect to protecting the confidential or non-public nature of any information or data regarding the Fund or its partners (including any costs and expenses incurred in connection with privacy or data protection laws or FOIA); (xv) activities or proceedings of the Advisory Committee (including any reasonable out-of-pocket costs and expenses incurred by general partners, members and permitted observers in attending or otherwise participating in such meetings); (xvi) indemnification obligations (including legal and any other fees, costs and expenses incurred in connection with indemnifying any covered person and advancing fees, costs and expenses incurred by any covered person in defense or settlement of any claim that may be subject to a right of indemnification) as permitted under the applicable partnership agreement; (xvii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xviii) any taxes, fees and other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of such Fund (except to the extent reimbursed or treated as a distribution to the partners of such Fund); (xix) the annual meeting or other periodic, if any, meetings of the limited partners of the Fund, or any other conference, meeting or webcast with any limited partner(s) of the Fund; (xx) the formation, activities, business, portfolio companies or actual or potential investments of any alternative investment structure established by the Adviser to facilitate the investment by some or all of the partners in such Fund (to the extent such expenses would have been expenses of the Fund had such investment been done through such Fund) and any expenses incurred in connection with the formation, management, operation, termination winding-up, liquidation and dissolution of any feeder vehicles to the extent not paid by the investors investing in such entities, and any other costs and expenses related to any structuring or restructuring of the Fund or any related fund; (xxi) the winding-up, liquidation or termination of the Fund and any legal entities owned directly or indirectly by the Fund; (xxii) defaults by Fund partners in the payment of any capital contributions; (xxiii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of such Fund, its parallel Funds, or alternative investment vehicles; (xxiv) (A) complying with any law, rule, regulation, policy directive, special measure or policy related to the activities of such Fund or its investments (including in relation to privacy, data protection, know your customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider fees, costs and expenses related thereto and any regulatory expenses of the Adviser incurred in connection with the operation of such Fund or its investments and any costs and expenses related to compliance with any environmental, social or governance investment considerations and policies (including retention of consultants that provide services related to environmental, social and governance investment considerations and policies) of the Adviser and/or the Fund and/or (B) any costs and

expenses related to the validation of any payments made to the Fund or its Adviser in connection with any voluntary or compulsory review (including any anti-money laundering laws, rules or regulations); (xxv) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, but subject to the limitations described in the applicable partnership agreement; (xxvi) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer of Fund interests or any Fund limited partner's name change, internal restructuring or change in registered agent or custodian; (xxvii) distributions to such Fund's partners and other expenses associated with the acquisition, holding and disposition of such Fund's investments, including extraordinary expenses; (xxviii) amendments to, and waivers, consents or approvals pursuant to, side letters and similar agreements with limited partners of the Fund; (xxix) any travel (including the cost of car or ride sharing services), meals or entertainment relating to any of the foregoing or subsequent expenses, including in connection with consummated and unconsummated investment and disposition opportunities; (xxx) compliance or regulatory matters related to such Fund or its investments; (xxxi) any third-party experts, including independent appraisers engaged by the Adviser in connection with the Fund considering, making or holding an investment in the same entity as one or more investment vehicles (other than the Fund) managed or controlled by the Firm and (xxxii) any other fees, costs, expenses, liabilities, or obligations approved by the advisory committee of such Fund.

LLCP's expense policy provides that to the extent private air travel is used in connection with the operations of a Fund, such Fund will be charged only for the cost of first class commercial airfare. The Funds also bear expenses indirectly to the extent a portfolio company pays expenses, including expenses of LLCP and/or its affiliates. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items (including, for example, expenses associated with negotiating confidentiality agreements, engagement letters, release letters and other arrangements necessary or advisable to develop or enhance LLCP's business and prospects with potential or existing investment opportunities and/or service providers), which generally are expected to be significant. In certain cases, these or similar expenses (and/or Transaction and Monitoring Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. To the extent holding or intermediate entities include one or more special purpose acquisition companies ("SPACs"), the relevant Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders' equity or similar interests issued thereby that are not held directly or indirectly by the Fund, and except where prohibited by the Governing Documents, such interests are permitted to be issued to the Firm and its personnel. Each Fund also generally will bear the costs of implementing, monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in Side Letters relating thereto, and (where applicable) environmental, social, governance and other standards to which the relevant Adviser has committed in making investments on behalf of the Fund. Additionally, subject to the Governing

Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. Each Fund other than the Europe Fund (which does not charge a Management Fee) will not, however, bear the costs and expenses of LLC or the Fund's Adviser in connection with their normal operating overhead (such as salaries, rent and other expenses incurred in maintaining LLC's place of business). As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the practices set forth in "Brokerage Practices."

In certain cases, multiple Funds and other investment vehicles will benefit from expenses incurred by an Adviser or Fund. Such expenses will be allocated among such Funds and other investment vehicles consistent with the Governing Documents of such Funds and investment vehicles. In the event that the Governing Documents do not outline a procedure for allocation of a particular expense, the Firm will determine the allocation of such expense in a manner it believes to be fair and equitable under the circumstances over time. Generally speaking, but without limiting the foregoing, such expenses will be allocated pro rata among investment vehicles participating or proposing to participate in the related transaction or in another manner determined by the Adviser to be fair and equitable under the circumstances. In circumstances where a proposed transaction is terminated prior to the determination by the Firm of the allocation of such transaction among investment vehicles, consistent with its fiduciary obligations, the Firm will determine if it is more likely than not, based on the facts known at such time, whether a co-investment opportunity in the related transaction would have been offered to a committed or agreed co-investment fund, vehicle or account managed or sub-managed by the Firm (including other Funds) had the transaction moved forward. Subject to applicable legal, contractual or other obligations, if it is determined that such transaction would have been offered to such committed or agreed co-investment fund, vehicle or account then expenses incurred prior to the termination of the opportunity shall be allocated to such entities in accordance with LLC's expense allocation policy, which allocates a percentage of expenses based upon historical practice, the size of the funds, vehicles, or managed or sub-managed accounts involved and other Allocation Factors. Expense allocations to the various entities typically range from 5% to 40%. To the extent the Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility.

An Adviser generally is authorized to permit Syndicated Co-Investment in portfolio companies alongside one or more Funds by certain limited partners and other third parties. Any such co-investment vehicle generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a Syndicated Co-Investment was planned, including a transaction for which a Syndicated Co-Investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the Adviser, ultimately is not consummated, subject to applicable legal, contractual or other obligations, all fees and expenses relating to such proposed transaction will be borne by the Fund(s) and any applicable committed or agreed co-investment fund, vehicle or account managed or sub-managed by the Firm that would more likely than not

have participated in such transaction, and not by any potential Syndicated Co-Investors that were to have participated in such transaction. Where necessary or appropriate, the applicable Adviser will consult the relevant limited partner committee to approve any conflict caused by the proposed allocation of expenses.

#### **ITEM 6                      PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Fees and Compensation,” the Firm receives carried interest allocations on certain realized profits in each of the Funds. LLCP does not currently advise Funds not subject to a carried interest, although it waives carried interest with respect to certain affiliated partners. Additionally, to the extent that the Firm has Funds with varying carried interest terms (including amount, timing, waterfall conditions or other terms) and/or Firm personnel are assigned varying percentages of carried interest from the Funds, the Firm and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage. The Firm seeks to address the potential for conflicts of interest in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by the Firm or any Firm personnel.

The existence of performance-based compensation has the potential to create an incentive for an Adviser to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although LLCP generally considers performance-based compensation to better align its interests with those of its investors.

#### **ITEM 7                      TYPES OF CLIENTS**

LLCP provides investment advice to its Fund clients, and references throughout this Brochure to “clients” and to LLCP’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees of LLCP and its affiliates and members of their families or other service providers retained by an Adviser, as well as executives of portfolio companies.

The relevant Adviser also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the Governing Documents of such vehicles and the related Fund.

Certain of the Funds generally have a minimum investment amount for third-party investors that is specified in the applicable partnership agreement. Such minimum investment amount is generally permitted to be waived by the applicable Adviser. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment. Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, and either (i) “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended or (ii) “qualified clients” as that term is defined under Rule 205-3 of the Investment Advisers Act of 1940, as amended.

## **ITEM 8           METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

The significant investment strategies and investment process utilized by the Firm on behalf of each Fund are set forth below. No new platform investments are being made by the LLCP II Fund, LLCP III Funds, LLCP IV Funds, LLCP V Funds, CA Growth Fund, Small Business Fund, LLCP PCS Funds, Co-Invest Fund, Europe Fund, and LMM II Funds, though the LLCP IV Funds, LLCP V Funds, Small Business Fund, Co-Invest Fund Europe Fund, and LMM II Funds may make add-on and/or follow-on investments intended to support and/or maximize value with respect to existing investments. Descriptions of the Firm’s activities with respect to such Funds should be read to refer to the applicable Adviser’s activities undertaken during the active investment period for such Fund, or, to the extent applicable, with respect to follow-on investments.

Investments in the Funds are not guaranteed. The instruments in which the Funds invest may lose value. An investment in a Fund involves a risk of loss that an investor in such Fund should be prepared to bear.

### **Investment and Operating Strategy**

The principal components of the Firm’s investment strategy with respect to the Firm’s active Funds include:

#### *Focus on Small and/or Middle-Market Companies*

- the Structured Private Equity Series Funds making new investments primarily target investments in entrepreneurially-led middle-market companies (as specified in the applicable Governing Documents) primarily located in the United States.
- The LMM III Funds, which are the successors to the Small Business Fund and LMM II Funds, primarily target investments in lower middle-market and small-cap companies located in the United States, with annual revenues of less than \$50 million at the time of investment.

- The Europe Fund primarily targets investments in entrepreneurially-led middle-market companies located in Western Europe (excluding the UK), with revenues of approximately €10 million to €250 million.
- The Europe II Fund primarily targets investments in middle-market companies located in Western Europe, with revenues of approximately €25 million to €250 million.

#### *Investment in Established and Growing Small and/or Middle-Market Companies*

Each Fund targets structured private equity or debt investments with experienced and successful entrepreneurs and management teams that seek meaningful equity ownership in their companies. The Funds typically make investments with entrepreneurs and management teams who are interested in maintaining, or increasing, their equity ownership in their businesses or who are looking for a renewed opportunity to deleverage and create equity value with an experienced middle-market private equity sponsor. LLCP considers a strong, experienced and committed management team to be a critical factor for a successful investment. LLCP seeks high-caliber teams with a vision and passion for their businesses and seeks to structure its investments such that operating management teams retain or increase their equity ownership, which differs from the approach of traditional leveraged buyout firms who often replace management teams with their own operating partners.

#### *Utilize a Structured Investment Approach*

Many management teams want to retain the maximum amount of equity ownership when raising new investment capital for their businesses. LLCP has developed a tailored, highly flexible structured investment approach to meet the investment needs of these entrepreneurs. This approach involves using a combination of securities such as senior and subordinated notes and common stock. This approach seeks to provide the applicable Fund with current income, structural protection and meaningful capital appreciation. Managers who are seeking less dilutive forms of capital than traditional buyout equity often find such an approach compelling. These managers typically can maintain significant, and sometimes increase their, equity ownership while partnering with LLCP as their financial sponsor. LLCP attempts to structure Fund investments to align the interests of the applicable Fund and operating management through (i) understanding and supporting management's overall strategic vision and objectives and (ii) ensuring that management shares meaningfully in the future equity value of the company.

#### *Provide Value-Added Expertise*

LLCP seeks to be integrally involved with each Fund portfolio company from the initial investment through full realization of the Fund's invested capital. The Firm seeks to add value during an investment's holding period by offering management teams sophisticated financial and strategic advice, while respecting their operating autonomy. During the due diligence process, LLCP expects to identify and define the critical success factors that drive the performance of each of a Fund's portfolio companies. Once an investment is made, LLCP seeks to actively monitor these critical success factors, which allows for the early detection and addressing of problems.

LLCP generally receives daily or weekly reports containing operating and financial metrics and meets monthly with senior management of its portfolio companies, in an operating committee environment, to discuss the companies' strategic, financial and operating performance. LLCP often contributes to the success of its portfolio companies and assists senior management in the following areas: (i) strategic direction and planning, (ii) introductions to acquisition opportunities and new business contacts, (iii) revenue growth initiatives, operating improvements and supply chain management, (iv) follow-on growth and acquisition capital and (v) capital market strategies and execution.

## **Types of Investments**

The Funds invest in portfolio companies which require financing primarily for one of the following purposes: (i) growth and expansion; (ii) acquisitions; (iii) corporate divestitures and (iv) recapitalizations.

*Growth and Expansion Investments.* Established companies need capital to take advantage of market opportunities. Many companies experience rapid growth and require significant capital to accomplish their objectives, along with a strategic partner who can help institutionalize and scale the business. Historically, managers of established companies have turned to (i) the high yield debt and public equity markets, (ii) middle-market CLOs and hedge funds and (iii) privately placed debt and equity to meet their capital requirements. Many of these traditional capital sources are reluctant to provide capital to middle-market companies. LLCP has substantial experience in providing companies with growth and expansion capital. By providing capital structures that are less dilutive than common equity, LLCP expects to be able to address the primary concerns of companies and their management teams.

*Merger and Acquisition Investments.* LLCP has significant experience partnering with successful management teams and helping them build their businesses through mergers and acquisitions, often initially assisting with sourcing potential acquisitions, providing guidance on pricing and terms and securing capital to close. LLCP often works with operating management teams to develop the business plans for the combined companies' post-investment activities and provide advice and capital to complete their growth plans. In order to facilitate an acquisition, a Structured Private Equity Fund often provides investment capital and assists a portfolio company in negotiating the credit facilities necessary to complete the transaction.

*Corporate Divestitures.* LLCP has invested with management teams in connection with the divestiture of non-core subsidiaries of larger companies, where operating management teams typically have no equity ownership pre-transaction. The complementary operating and financial experience of LLCP's investment professionals has allowed the Firm to target these opportunities.

*Recapitalizations.* LLCP's reputation as a partner to entrepreneurs and management teams often provides the Firm with investment opportunities that involve debt and equity recapitalizations. Fund capital is often used to recapitalize the debt and/or equity portion of a company's balance sheet in businesses that have more stable and consistent revenues but are in need of deleveraging or an equity restructuring. In these situations, the company may be facing senior loan covenant defaults or short term liquidity issues, or an existing private equity investor

desiring to sell down its equity interest in the company, and such transactions often involve cashing out passive equity investors and resulting in LLCP and management teams having significant equity ownership.

## **Investment Process**

LLCP seeks to achieve consistent discipline to make thorough, informed decisions throughout all phases of the investment process including transaction screening, analysis, structuring, monitoring and exiting.

*Screening Investments.* LLCP has developed specific, detailed criteria that are used to screen potential investment opportunities for each Fund. Each Fund's general partner typically requires that an investment meets a majority of these initial requirements prior to committing time or capital to pursue an opportunity:

- Middle-market companies with leading industry positions;
- Experienced management team with, or which seeks, meaningful equity ownership;
- Predictable revenues;
- A diversified customer base;
- Strong consistent cash flow;
- Pro-forma capitalization adequate to meet fixed obligations and growth requirements;
- EBITDA margins in excess of 25%;
- Free cash flow conversion in excess of 80%;
- Very low correlation to economic cycles; and
- High equity growth potential for the Structured Private Equity Funds.

*Analyzing Investments.* Before making an investment, LLCP conducts a due diligence investigation focused on understanding critical success factors and major risks associated with an investment opportunity, such as:

- Analysis of management including on-site interviews, management and corporate questionnaires and background checks;
- Reference and background checks of board members, customers, suppliers and service providers;

- Critical success factors analysis, including developing operating metrics to measure performance;
- Due diligence of financial statements, conditions and management projections, including analysis and review of historical revenues, margins and earnings, working capital, capital spending requirements;
- Industry segmentation analysis including competition, positioning, trends and opportunities and, if necessary, consultation with industry experts or operating executives with relevant expertise; and
- Legal due diligence including corporate formalities, contract review, litigation, employment matters, insurance and environmental reviews.

*Structuring Investments.* Each Fund makes structured private equity investments through a combination of senior and subordinated notes and common stock. The debt component of the structured private equity investments are typically secured, and in large part, are senior in right of payment to the equity owned by the company's management team and typically offer monthly cash coupons. LLCP seeks to structure each investment in order to minimize equity dilution to management and properly match the company's pro-forma capitalization to its business plan. Each Fund seeks to invest at what it views as modest, third-party leverage.

*Monitoring Investments.* LLCP seeks to be integrally involved with each Fund's portfolio companies from the initial investment through full realization of its invested capital. LLCP seeks to add value during the investment period by offering management teams sophisticated financial and strategic advice while respecting their operating autonomy. LLCP generally monitors key success factors of its investments on a regular basis and meets with senior management of its portfolio companies, in an operating committee environment, to discuss the respective companies' strategic, financial and operating performance. LLCP often contributes to the success of its portfolio companies and has assisted senior management of portfolio companies in the following areas: (i) strategic direction and planning; (ii) introduction to acquisition opportunities and new business contacts; (iii) revenue growth initiatives, operating improvements and supply chain management; (iv) follow-on growth and acquisition capital; and (v) capital market strategies and execution.

*Exiting Investments.* LLCP intends to exit portfolio company investments through public and private sales of securities, private company sales and refinancings. LLCP seeks to maximize value in these capital markets transactions through: (i) the expertise of its investment professionals, (ii) executing on key strategic initiatives to position the company for its next stage of growth and (iii) its extensive investment banking and sell side broker networks. Each Fund's structured private equity investments typically contain fixed maturity dates for its invested capital and equity rights that permit a timely exit including public registration, put and co-sale rights. Typically, a Fund exits an investment within four to five years from the date of its initial investment.

## **Risks of Investment**

Each Fund and its respective investors bear the risk of loss that LLC's investment strategy for such Fund entails. The risks involved with LLC's investment strategy and an investment in a Fund include, but are not limited to:

*Business Risks.* A Fund's investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

*Future and Past Performance.* The performance of LLC's prior investments is not necessarily indicative of a Fund's future results. While LLC intends for a Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

*Investment in Junior Securities.* The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

*Debt Investments.* The Funds may invest in debt, debt-related, and other securities of companies. These securities may be unsecured, subordinated to senior indebtedness, or unprotected by covenants or limitations on additional indebtedness.

Debt securities are subject to both credit and interest rate risks. If an issuer is unable to make principal and interest payments on its indebtedness, a Fund may suffer a partial or total loss of capital invested in the company. Declines in revenues or increases in expenses may significantly affect the ability of an issuer to pay, and these risks may change over the life of an investment. Interest rates are subject to risks associated with changes in the market. Interest rate changes directly affect the value of adjustable rate securities, and indirectly affect the value of fixed rate securities.

The Funds may invest in convertible debt and equity-related securities to the extent that LLC believes such investments offer potential for capital appreciation. There is no minimum credit standard that is a prerequisite to the Funds' investment in any security and the debt securities acquired by the Funds may be non-investment grade.

Portfolio companies could experience adverse business conditions that could result in a default on all or part of their obligations to a Fund. A portfolio company's ability to satisfy its obligations to a Fund could be impacted by market or industry conditions, national or international economic or political factors or other developments beyond the company's control. Defaults could ultimately result in the loss of investment principal.

*Investment in Non-Investment Grade Debt.* To the extent permitted by the applicable Governing Documents, Funds may from time to time directly or indirectly invest in non-investment grade loans or interests in non-investment grade loans and high-yield debt securities which are subject to liquidity, market value, interest rate, reinvestment and certain other risks. It

is anticipated that such investments generally will be subject to greater risk than investment grade corporate obligations. These risks could be exacerbated to the extent that the portfolio of individual investments is concentrated in one or more particular types of obligations. In addition, to the extent a Fund directly or indirectly makes investments in collateralized loan obligation structures, such investments may have capital structures with significant leverage. Direct and indirect investments in debt instruments may be in companies that also have significant leverage, thus increasing the exposure of the underlying companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of such companies or their industries.

*Bank Loans and Participations.* To the extent permitted by the applicable Governing Documents, Funds may from time to time invest in significant amounts of bank loans and participations. These obligations are subject to significant risks, including (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) lender-liability claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations and (iv) limitations on the ability of the Fund to directly enforce its rights with respect to participations.

*Concentration of Investments.* Each Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment, or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

To the extent permitted by the applicable Governing Documents, a Fund may provide bridge financing to facilitate investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the partnership agreement, in which case the investment would be treated as a permanent investment of the Fund. As a result, a Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which may exclude bridge financing investments.

*Geographic Concentration Risk.* Certain Funds will focus their investments primarily in target jurisdictions and therefore, will be susceptible to events affecting companies with significant business operations in such jurisdictions. The economy of a particular country in which a Fund may invest is influenced by macro-economic factors in the region in which such country is located. As such market forces in one country can have adverse effects on the operations of companies in the value of property and assets in other countries in which such Fund may invest. Accordingly, the performance of a Fund with target jurisdictions will be more tied to the macroeconomic conditions of the target jurisdictions during the term of the Fund than the performance of other funds that have a more diversified geographic investment strategy.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of

uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to bear Management Fees through such Fund during the investment period and other expenses as set forth in the applicable partnership agreement.

*Competition.* The business of identifying, structuring and completing private equity transactions is highly competitive. Funds will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates, and other private equity funds. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to a Fund likely will be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the applicable Fund, its general partner and their respective affiliates.

To the extent that a Fund encounters significant competition for investments, returns to its limited partners may decrease. In addition, it is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified and consummated. Regardless of the extent to which the capital commitments of a Fund's limited partners are invested, such limited partners will be required to bear Management Fees during the Fund's investment period based on the entire amount of such limited partners' capital commitments and other expenses as set forth in the applicable partnership agreement.

*Dynamic Investment Strategy.* While each Adviser generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant Adviser may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the relevant Governing Documents. An Adviser may pursue investments outside of the industries and sectors in which such Adviser has previously made investments or has internal operational experience.

*Impact of Government Regulation, Reimbursement and Reform.* Certain industry segments in which a Fund may invest are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and/or (ii) subject to frequent regulatory change. Certain industries or industry segments may be highly dependent upon various government (or private) reimbursement programs. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including in particular the healthcare, financial services and telecommunications industries, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund invests.

Market disruptions and the dramatic increase in the capital allocated to alternative asset management during recent years have led to increased governmental as well as self-regulatory organization scrutiny of the private fund industry in general. In addition, certain legislation proposing greater regulation of the industry is periodically considered by Congress, as well as the governing bodies of various jurisdictions. Without limiting the foregoing, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of the Firm and the Funds. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to impact LLCP and its affiliates, the Fund and/or its investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Funds. It is impossible to predict what, if any, changes in the regulations applicable to a Fund, the Advisers, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of a Fund, as well as require increased transparency as to the identity of a Fund's limited partners.

*Middle Market and Lower Middle Market Companies.* Investments in middle market and lower middle-market companies, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in larger companies. Small companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology than larger companies. In addition, future growth may be dependent on obtaining additional financing, which may not be available on acceptable terms when required. Further, there may be a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies specifically, could make it difficult for a Fund to react quickly to negative economic or political developments.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee) may exceed its income, thereby requiring that the difference be paid from such Fund's capital, including, without limitation, unfunded capital commitments.

*Leveraged Investments.* A Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of

companies not rated by credit agencies. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency. A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to the Fund or appreciation of its investments. A Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by an Adviser or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

*Use of Credit Facilities.* To the extent permitted by the relevant Governing Documents, a Fund or any portfolio company may use credit facilities for the purchase or implementation of certain investments or for other portfolio management purposes. Should such credit facilities be utilized, the Fund or any portfolio company would incur additional interest and other expenses with respect to such facilities.

In addition, to the extent permitted by the relevant Governing Documents, a Fund may borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate capital commitments available to be called. A Fund's use of such facilities will be determined by its Adviser, and the performance of such Fund may be impacted by how its Adviser causes the Fund to utilize such facilities. Although the use of such a facility may increase the Fund's ability to swiftly invest capital, it also will cause the Fund to incur interest expense and other costs and subject its limited partners to certain risks. For example, because amounts borrowed under a subscription line typically are secured by pledges of the applicable Adviser's right to call capital from the Fund's limited partners, such limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner

claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional expenses that will be borne by the Fund's limited partners. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to the maintenance, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the Fund's limited partners and the terms of the partnership agreement, it may be higher than the interest rate such limited partner could obtain individually. Conflicts of interest have the potential to arise in that the use of such facilities generally will delay the need for limited partners to make certain contributions to the Fund, which generally would enhance the Fund's internal rate of return calculations and thereby benefit the marketing efforts of the Firm. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later syndicated in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility may contain other terms that restrict the activities of the Fund and its limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the Adviser's ability to consent to the transfer of a limited partner's interest in the Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the Adviser may request certain financial information and other documentation from the Fund's limited partners to share with lenders. The applicable Adviser will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners of the Fund.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows an Adviser to fund investments and pay Fund expenses without calling capital, potentially for extended periods of time. To the extent provided in the applicable partnership agreement, any such borrowing is permitted to remain outstanding for such time as the applicable Adviser deems appropriate, potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that decrease net returns of the Fund. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for Fund limited partners that would not arise had the Adviser called smaller amounts of capital

incrementally over time as needed by the Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. The relevant Adviser may be authorized to use Fund-level borrowing to pay Management Fees and to reimburse the Advisers for expenses incurred on behalf of the Fund.

If an investment appreciates in value and is disposed of prior to repayment of the borrowing, the disposition proceeds would be applied to repay the borrowing (and related interest and expenses), and the net proceeds would be distributed to the Fund's limited partners. Accordingly, borrowings by the Fund or portfolio companies might support the distribution of proceeds to Fund limited partners and increase the potential carried interest for the Fund's General Partner; however, the interest incurred due to such borrowing would reduce the carried interest received by such General Partner. Subject to the limitations in the applicable partnership agreement, if any, this conflict of interest incentivizes the Advisers to permanently fund the acquisition and ongoing capital needs of investments of the Fund and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never if principal and interest on such borrowings are repaid out of disposition proceeds).

Any credit facility provider that permits a Fund to borrow may accept Fund assets as collateral for such credit facility and may be permitted to require the transfer, assignment, appropriation, sale or liquidation of the Fund's or portfolio company's assets held by it as collateral, after occurrence of certain events, including a default by the Fund or the portfolio company pursuant to the agreements with such credit facility provider. Events of default under any such credit facility may include, among other things, failure to pay amounts due under such credit facility, failure to inform the credit facility provider of certain events with respect to the Fund or the portfolio company, failure to provide the credit facility provider with certain periodic reports and financial statements, breach by the Fund of other representations and covenants contained in credit facility documentation and other similar terms. In such instances, the credit facility provider may take any such action without notice to the Fund or the relevant Adviser. If any such credit facility provider were to require the Fund to transfer, assign, sell or liquidate assets or otherwise act to realize on such collateral, these actions may impair the operational capabilities of the Fund and have adverse tax and economic effects on the Fund.

*No Market for Interests; Restrictions on Transfer; No Right of Withdrawal.* Limited partner interests in a Fund may not generally be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of the relevant Adviser, which may be withheld pursuant to the applicable Governing Documents. Voluntary withdrawals from a Fund usually will not be permitted except in very limited circumstances generally involving situations where retaining an interest in the Fund would violate certain laws or regulations. In addition, interests in a Fund typically are not redeemable. There is generally no public market for interests in a Fund, and none is expected to develop. Interests in a Fund are registered under the securities laws of the United States or any state or the securities laws of any other jurisdiction and therefore cannot be

resold unless they are subsequently registered under applicable securities laws, or unless an exemption from registration is available. It is not contemplated that registration of the interests in any Fund will ever be effected. Limited partners may not be able to liquidate their investments prior to the end of a Fund's term and must be prepared to bear the risks of an investment in a Fund for an extended period of time.

*Reliance on the Adviser and Portfolio Company Management.* Control over the operation of a Fund will be vested with its Adviser, and such Fund's future profitability will depend largely upon the business and investment acumen of LLCPC. The loss or reduction of service of one or more of LLCPC's management could have an adverse effect on such Fund's ability to realize its investment objectives. In addition, LLCPC currently, and may in the future, manages other investment funds besides such Fund and may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of LLCPC management. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of such Fund will depend on the actions of its Adviser. In addition, certain changes in the Fund's Adviser or circumstances relating to such Adviser may have an adverse effect on the Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although the Fund's Adviser will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day to day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with such Fund's objectives.

*Risks of Effecting Operating Improvements.* The success of a Fund's investment strategy is likely to depend, in part, on the ability of its Adviser to assist in sustaining the growth rates, and/or effecting improvements in, the operations of certain portfolio companies. Identifying and implementing operational improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvement may divert attention of key portfolio company personnel and disrupt normal business. There can be no assurance that a Fund's Adviser will be able to successfully assist in sustaining growth rates and/or identifying an implementing operational improvements.

*Projections.* Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the applicable Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from such company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions.* Before making investments, the applicable Adviser will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, technical, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties likely will be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and the applicable Adviser likely will rely on the advice received from such third parties. Investment analyses and decisions by the applicable Adviser will often be undertaken on an expedited basis in order for the Fund to take advantage of investment opportunities. In such cases, the information available to the applicable Adviser at the time of an investment decision may be limited, and the applicable Adviser likely would not have access to the detailed information necessary for a full evaluation of the investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's activities, including the ability of a Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators and the public perception that certain alternative asset managers, including private equity firms, contributed to the 2008 global financial crisis, may complicate or prevent a Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

*Tax Legislation Adversely Affecting Employees and Other Service Providers.* U.S. federal income tax legislation treats certain income allocations to service providers by a partnership (such as a Fund), including any carried interest, as short-term capital gain taxed at higher ordinary income rates unless such partnership has held the asset which generated such gain for more than three years. This legislation could adversely affect the principals, employees or other individuals associated with a Fund or its Advisers who were or may in the future be granted direct or indirect interests entitling such persons to benefit from carried interest. The legislation could reduce such persons' after-tax returns from a Fund, which could make it more difficult for the Firm to incentivize, attract and retain individuals to perform services for the Fund. This could also create an incentive for the applicable Advisers to cause a Fund to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

*Conflicting Investor Interests.* Limited partners may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by a Fund's Adviser regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the Adviser generally will consider the investment and tax objectives of such Fund and its partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Over-Commitment.* In order to facilitate the acquisition of a portfolio company, a Fund potentially will make (or commit to make) an investment in such company with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition. In such event, the Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, the Fund may bear the entire portion of any break-up fee or topping or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company or may realize lower than expected returns from such investment.

*Restricted Nature of Investment Positions; Distributions in Kind.* Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Although, under normal circumstances, prior to the termination of a Fund, such Fund intends to make distributions in cash or marketable securities, it is possible that under certain circumstances (including the winding-up of such Fund), distributions of investments for which there is no readily available public market and/or which may be subject to substantial restrictions on sale or transfer may be made in-kind. It may be difficult for limited partners to liquidate the investments received at a price or within a time period that is determined thereby to be ideal, and significant administrative burden may be involved. After a distribution of investments is made, the recipients may decide to liquidate such investments within a short period of time, which could have an adverse impact on the price of such investments. Limited partners of a Fund in receipt of a distributed investment will have no guidance from such Fund or its Advisers with respect to disposition of such investment (including timing of such disposition). The price at which such investments may be sold by such limited partners may be

lower than the value of such investments determined pursuant to the applicable partnership agreement, including the value used to determine the amount of carried interest accruing to such Fund's Advisers with respect to such investment. In addition, the direct holding of certain investments may subject the holder to suit or taxes in jurisdictions in which such investments are located.

*Non-U.S. Investments.* A Fund may invest in companies that are organized and/or have substantial sales or operations outside of the United States, its territories and possessions. Investments in non-U.S. securities or instruments involve certain factors not typically associated with investing in U.S. securities and instruments, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which such Fund's non-U.S. investments are denominated (including risks associated with potentially rapid inflation), and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which such Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (v) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements, and less government supervision and regulation; (vi) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, governmental or social instability, including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation; (vii) the possible imposition of non-U.S. taxes on income, gains and gross sales or other proceeds recognized with respect to such securities or instruments; (viii) the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for such Fund and/or its partners; (x) differing and potentially less well-developed or well-tested corporate laws regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (xi) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (xii) political hostility to investments by foreign or private equity investors; and (xiii) less publicly available information.

With respect to investments in Europe, the European sovereign debt crisis has raised questions concerning the continued viability of the Eurozone's single currency and increased the risk of a possible failure of the Euro. Europe is experiencing increasing challenges as a result of certain member states' financial difficulties and the uncertainty around their fiscal and monetary policy direction. These developments may exacerbate the risks resulting from a Fund's exposure to Euro-related currency fluctuations. Volatility in the currency markets may result in a Fund's investment portfolio incurring higher costs and may adversely impact the profitability and cash flows from operations of its portfolio companies. The potential adverse fluctuations in foreign currency exchange rates and the costs associated with conversion of investment principal and income from one currency into another may adversely impact a Fund's returns. Although it is difficult to forecast all of the consequences of a failure of the Euro, one possible outcome is a rise in interest rates on the sovereign debt of one or more troubled European nations, which could lead

to a failure or series of failures in performance of sovereign debt. Given the high degree of exposure to European sovereign debt by European financial institutions, this may increase the risk of a failure by one or more European financial institutions. Any such failure could have a material adverse effect on one or more of a Fund's portfolio companies and/or a Fund itself. A Fund may have exposure, directly or indirectly (including through portfolio companies) to counterparties that have significant exposure to, or themselves are, European financial institutions.

Without limiting the foregoing, there is currently an ongoing military conflict between Russia and the Ukraine which, in a relatively short period of time, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

*Hedging Arrangements.* A Fund's Adviser may (but is not obligated to) endeavor to manage such Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. Such Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for a Fund's Adviser and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements,

including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

*Public Company Holdings.* A Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including LLC's principals and employees, and increased costs associated with each of the aforementioned risks.

*Non-controlling Investments.* A Fund may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for such Fund to liquidate its interests than it would be had such Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of such Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to such Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

*Director Liability.* Each Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes such Fund's representatives, and ultimately such Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from such Fund's investment activities.

*Limitation of Recourse and Indemnification.* The applicable Governing Documents limit the circumstances under which the Firm and its affiliates will be held liable to a Fund. As a result, limited partners in such Fund may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Governing Documents provide that a Fund will indemnify the applicable Adviser and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Fund. Such indemnification obligations could materially impact the returns to the limited partners of such Fund.

*Litigation.* In the ordinary course of its business, a Fund may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the Firm and its principals' time and attention, and that time and the

devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease outbreaks or epidemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio companies.

*General Market and Economic Conditions.* The private equity industry generally and the success of a Fund's investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by LLC. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, including events similar to the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event such Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of such Fund to dispose of investments at prices that LLC believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective. Any of the foregoing events could result in substantial or total losses to a Fund in respect of certain portfolio

investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* In the event that the global credit markets deteriorate and it becomes more difficult for investment funds such as the Funds to obtain favorable financing for investments, the Funds' ability to generate attractive investment returns may be adversely affected to the extent the Funds are unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

*Alternative Investment Fund Managers Directive.* The AIFMD regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). LLCP intends to market certain Funds to investors domiciled or with a registered office in the EEA. If a Fund is being actively marketed to investors domiciled or having their registered office in the EEA, as a consequence: (a) the Fund and the applicable Advisers will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (b) the Fund and the applicable Advisers may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or may otherwise affect the management and operation of the Fund; (c) the applicable Advisers will be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (d) the AIFMD will also restrict certain activities of the Fund in relation to EEA portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect operations of the Fund generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Fund to raise its targeted amount of capital commitments.

*Environmental, Social and Governance ("ESG") Matters.* LLCP maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that LLCP will be able to successfully implement its ESG policy or to make investments in companies that create a positive ESG impact while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by LLCP, or any judgment exercised by LLCP, will reflect the beliefs or values of any particular investor. There are also significant differences in interpretations of what positive ESG characteristics mean by region, industry and topic. LLCP's interpretations and decisions are expected to differ from others' views and could also evolve over time. In addition, in evaluating an investment, LLCP expects to depend upon information and data provided by a number of sources, including the relevant investments and/or

various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause LLCP to incorrectly assess a company's ESG practices and/or related risks and opportunities. LLCP does not intend to independently verify all ESG information reported by investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on LLCP's view of certain ESG-related and other factors and could cause the relevant Funds not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG Policies, which could negatively impact performance.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and LLCP's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. LLCP's ESG policies could become subject to additional regulation in the future, and LLCP cannot guarantee that its current approach will meet future regulatory requirements.

*United Kingdom Exit from the European Union.* On March 29, 2017, the United Kingdom formally notified the European Council of its intention to leave the EU ("**Brexit**"). The UK formally left the EU on January 31, 2020, and entered a transition period that ended on December 31, 2020. On December 24, 2020, the UK government and the EU Commission provisionally agreed upon a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period.

Although provisionally agreed, the terms of UK's ongoing and future relationship with the EU are still uncertain, including the extent to which UK businesses will have access to the EU single market and the extent to which EU businesses have access to the UK market. There is also risk of significant disruption to trade between the UK and the EU, particularly as new trade arrangements are intended to be ratified and implemented.

There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty generally resulting from the UK's exit from the EU may adversely affect both EU and UK-based businesses, including LLCP and Fund portfolio companies. This uncertainty may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

*Sanctions; OFAC and FCPA Considerations.* Economic sanction laws in the U.S. and other jurisdictions may prohibit LLCP, LLCP's professionals and a Fund from transacting with or in certain countries and with certain individuals and companies. In the U.S., the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions

prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at [www.treas.gov/ofac](http://www.treas.gov/ofac). In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may restrict the Fund's investment activities.

In some countries, there is a greater acceptance than in the U.S. of government involvement in commercial activities, and of corruption. LLC, the LLC professionals and the Fund are committed to complying with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, a Fund may be adversely affected because of its unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for a Fund to act successfully on investment opportunities.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has recently significantly expanded the reach of its anti-bribery laws. While LLC has developed and implemented policies and procedures designed to ensure compliance by LLC and its personnel with the FCPA, such policies and procedures may not be effective in all instances to prevent violations. Any determination that LLC has violated the FCPA or other applicable anti-corruption laws or anti-bribery laws could subject LLC to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect LLC's business prospects and/or financial position, as well as a Fund's ability to achieve its investment objective and/or conduct its operations.

*Unfunded Pension Liabilities of Portfolio Companies.* Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although each Fund intends to manage its investments to minimize any such exposure, such Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If a Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of such Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding ERISA control group liability as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Valuation of Investments.* There is not expected to be an actively traded market for most of the securities owned by a Fund. When estimating fair value, the relevant Adviser will apply a methodology it determines to be appropriate in accordance with LLC's valuation procedures. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. Accordingly, the valuation decisions made by the relevant Adviser may cause it to ineffectively manage such Fund's investment portfolio and risks, and may also affect the diversification and management of such Fund's portfolio of investments. Additionally, the exercise of discretion in valuation by the relevant Adviser may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

*Material Non-Public Information.* As a result of the operations of the Firm, as well as in connection with officerships or directorships of personnel of the Firm, the Firm from time to time comes into possession of confidential or material, non-public information. Therefore, the Firm may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Firm's internal policies and practices. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

*CFIUS and National Security Clearance Considerations.* Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Governing Documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners' ability to invest in U.S. businesses (or to exercise voting or advisory committee rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

*Limited Access to Information.* Limited partners' rights to information regarding a Fund, the relevant Adviser or the Firm generally will be specified, and in many cases strictly limited, by the partnership agreement. In particular, it is anticipated that the Firm will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to its limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of the Firm's control. Decisions by the Firm or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor the Firm and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory committee generally may, by virtue of such participation, have more or earlier information about the Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and the Firm reserves the right to withhold certain information from investors subject to such laws for reasons relating to the Firm's public reputation, business strategy or other reasons.

*Disclosure of Confidential Fund and Investor Information.* Limited partners are expected to include entities that are subject to public disclosure requirements, including state public records or similar freedom of information laws which may compel public disclosure of confidential information regarding the relevant Fund, its investments and its investors. There has been a recent increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements and side letters) that investors in private equity funds that are subject to such laws have in place with private equity funds. A Fund may incur expenses in connection with responding to any such disclosure requests, even if such Fund ultimately succeeds in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that limited partners will have pursuant to the applicable partnership agreement to maintain the confidentiality of Fund information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise. The Advisers also reserve the right, in certain circumstances, in an effort to protect any such potential disclosure, to withhold all or any part of the information otherwise to be provided to such a Fund limited partner, as more fully described in the applicable partnership agreement. There can be no assurance that such information will not be disclosed by a Fund, its Advisers, their affiliates and personnel, portfolio companies or service providers to any of them, including to comply with laws, regulations or policies to which they are or may become subject. In addition, under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC has the authority to require private equity fund advisers, such as the Firm, to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of Fund information could have an adverse effect on such Fund and its investors, for example, by affecting the Fund's competitive advantage in finding attractive investment opportunities.

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by (i) employees of the Firm, (ii) portfolio company directors, officers or employees,

and (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of a Fund and/or its Advisers and cause significant losses to the Fund. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Fund, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities may result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to the Fund. The Firm has controls and procedures through which it seeks to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

*Cybersecurity Risks.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Fund, Adviser or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, the Advisers, the Funds and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Advisers', the Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. In addition, in the event that such a cyber-attack or other unauthorized access is directed at LLCP or one of its service providers holding its financial or investor data, LLCP, its affiliates or the Funds may also be at risk of loss.

*Privacy and Data Protection Law Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions ("**Privacy Laws**") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the Firm, the Funds and/or their portfolio companies, and increase compliance costs and require the

dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Firm, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, as amended, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include the Firm, the Funds and/or their portfolio companies.

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment, a Fund and its Adviser may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by such Fund and, ultimately, its investors.

*Public Health Emergencies; COVID-19.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19 (as defined below), have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"). This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing

certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. In many jurisdictions, restrictive measures have been re-imposed to address subsequent waves of infection. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to volatility in all financial markets. Among other things, these unprecedented developments have resulted in volatility in demand across most categories of consumers and businesses, volatility in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across several of the world’s largest economies — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19’s impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions (including the effectiveness of vaccines and the implementation of vaccination programs) designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained, it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds’ and their portfolio companies’ operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds’ ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners and LLC itself may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health

emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

#### *Additional Investment Considerations Relating to Co-Investment Vehicles Only*

*Investment Decisions.* Any dedicated co-investment vehicle will not be managed in the same manner as a traditional private equity fund given that LLCP will not be seeking investment opportunities solely for such vehicle and such vehicle does not have a right to participate in any particular investment of a Fund. Typical investment related decisions and determinations, such as investment diversity limitations, are likely to be viewed differently given the purpose of co-investment vehicles. When making such decisions and determinations the Adviser of a co-investment vehicle likely will emphasize factors in a different manner and consider different factors, in each case as compared to such decisions and determinations relating to a traditional private equity fund.

#### **Conflicts of Interest**

LLCP and its related entities engage in a broad range of advisory and non-advisory activities. LLCP will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant partnership agreement, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of an Adviser conducting its activities, the interests of a Fund likely will conflict with the interests of such Adviser, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, LLCP will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

#### *LLCP Vehicles and Allocation of Investment Opportunities*

During the period in which a Fund is actively making investments, appropriate investment opportunities that fall within such Fund's principal investment objectives, scope, criteria, guidelines and strategy will be pursued by its Advisers in accordance with the Firm's investment allocation policy in effect at the applicable time. However, the Firm currently manages or sub-manages, and expects in the future to manage, sub-manage and/or form, Funds and similar investment vehicles (each, an "**LLCP Vehicle**") that can, in certain circumstances, have overlapping strategies that target companies in the same revenue range with that of other LLCP Vehicles, and the Firm anticipates directing relevant investment opportunities to such other LLCP Vehicles and/or allocating opportunities among eligible LLCP Vehicles. In addition, the Firm currently manages, and expects in the future to manage, portfolio company investments similar to those in which an LLCP Vehicle will be investing, and expects to direct certain relevant investment opportunities or resources to those investments in accordance with its allocation policies and

procedures. Such other investments generally have the potential to compete with companies acquired by any particular LLC Vehicle. The Firm's principals and investment staff will continue to manage and monitor such other LLC Vehicles and investments until their dissolution or realization, as applicable. Following, and in certain cases during, the period in which a Fund is actively making investments, the Firm's principals reserve the right to, and likely will, allocate a significant portion of their investment activities on other opportunities and areas unrelated to such Fund's investments and unless otherwise specified by the Governing Documents, are not required to present new platform investments to such Fund. The Firm believes that the significant investment of the Firm's principals in a Fund, as well as the Firm's principals' interest in the carried interest of such Fund, operate to align, to some extent, the interest of the Firm's principals with the interest of such Fund's limited partners, although the Firm's principals have or likely will have economic interests in other LLC Vehicles as well and receive management fees and carried interests relating to those interests. Firm personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. Unless restricted by the Governing Documents, Firm personnel are permitted to serve on boards and otherwise participate in such investments, as well as to serve boards or act in other roles unaffiliated with the Firm, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and real-estate related or other investment businesses, and receive compensation in connection with such services and roles.

Conflicts of interest have the potential to arise when the financial or other benefits available to the Firm differ according to the particular vehicle that is being advised. As a general rule, and in accordance with the Firm's investment allocation policy in effect from time to time, investment opportunities are allocated among LLC Vehicle(s) and other parties with a relationship with the Firm (e.g., limited partners in LLC Vehicles), including committed co-invest, single investor vehicles and other advised investment vehicles, accounts or clients (collectively, "**Allocation Parties**") in accordance with such Allocation Parties' Allocation Factors.

The Firm will seek to identify the appropriate LLC Vehicle(s) for an investment opportunity (collectively, the "**Offering Vehicle**") at an early stage in the evaluation process, however the Firm reserves the right to change the Offering Vehicle during the course of due diligence investigation and evaluation of an opportunity. To the extent the Offering Vehicle does not fully subscribe to the investment opportunity, the Firm reserves the right to offer the opportunity to other Allocation Parties in accordance with the Firm's investment allocation policy in effect from time to time. As a general matter, changes to the Offering Vehicle will occur in instances when the due diligence process indicates that the opportunity is more consistent with another LLC Vehicle's Allocation Factors rather than the initially identified Offering Vehicle.

Once an investment opportunity and an Offering Vehicle have been identified, the Firm typically will allocate such opportunity first to the Offering Vehicle in such amount as the Firm determines to be prudent (which may constitute the entire investment opportunity) and taking into account the relevant Offering Vehicle's Allocation Factors. The Firm then will allocate amounts not allocated to the Offering Vehicle in its discretion and in accordance with its allocation policy

to any committed or agreed co-invest funds, vehicles or other accounts (including other LLC Vehicles, to the extent such funds and/or vehicles are not the Offering Vehicle) in an amount determined by the Firm in its sole discretion, taking into account the Allocation Factors and in order to facilitate certainty of and timely transaction execution (including potential requirements for follow-on investment and/or capacity for additional funding in the underlying investment) by the Offering Vehicle and to meet other objectives benefiting the Offering Vehicle taking into consideration all relevant factors determined appropriate by the Firm with respect to such investments. In the Firm's discretion, any remaining unallocated portion of the investment opportunity then potentially will be allocated to (a) existing limited partners of the Offering Vehicle who have expressed interest in co-investments and taking into account applicable agreements, conflicts and the Allocation Factors and (b) other co-investors selected by the Firm (including lenders and other strategic or other parties selected on a case-by-case basis), in each case, taking into account some or all of a wide range of factors, which include: expertise of the prospective co-investor in the industry to which the co-investment opportunity relates; perceived ability to quickly execute on transactions; regional convenience considerations, tax, regulatory and/or securities law considerations (e.g., qualified purchaser or qualified institutional buyer status); and other appropriate factors determined by the Firm in its sole discretion.

While the Firm believes that generally the investment criteria for each LLC Vehicle are sufficiently different such that any potential conflict between LLC Vehicles is mitigated, from time to time, the Firm will be presented with investment opportunities that would be suitable for more than one LLC Vehicle. In determining which investment vehicles should participate in such investment opportunities and in what amounts, the Firm will exercise its subjective judgment and is subject to conflicts of interest when exercising such judgment. The Firm determines which investment opportunities should be pursued by which LLC Vehicle based on its evaluation, taking into account the Allocation Factors. The Firm attempts to resolve such conflicts of interest in light of its obligations to investors in the LLC Vehicles and the obligations owed by the Firm's various advisers to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the LLC Vehicles in a fair and equitable manner. Where the Firm determines it is necessary or appropriate, the Firm will consult and receive consent to such conflicts from one or more advisory committees consisting of limited partners of the relevant LLC Vehicle(s) and other relevant investment vehicles.

In the ordinary course of an Adviser conducting its activities, the interests of a Fund likely will in certain circumstances conflict with the interests of its Adviser, one or more other LLC Vehicles, portfolio companies or their respective affiliates. As a general matter, such Adviser will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to any required approvals under the applicable partnership agreement. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where an Adviser determines it is necessary or appropriate, it will consult and receive consent to conflicts from an advisory committee consisting of limited partners of the applicable LLC Vehicle.

## *Co-Investments*

Co-investment opportunities typically will be offered to some and not to other LLCP Vehicles and LLCP Vehicle investors in accordance with the procedures described in the preceding paragraphs, and such procedures likely will result in certain investors receiving multiple opportunities to co-invest while others have the potential to receive none. The Firm's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While the Firm will allocate co-investment opportunities in a manner that it believes is fair and equitable to the persons involved under the circumstances over time and considering relevant factors, which include, without limitation, the perceived ability of the prospective co-investor to quickly execute on transactions, there can be no assurance that an LLCP Vehicle's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which the Firm is subject, discussed herein, did not exist.

Investments by more than one LLCP Vehicle in a portfolio company also have the potential to raise the risk of using assets of one or more LLCP Vehicles to support positions taken by one or more other LLCP Vehicles. When and to the extent that employees and related persons of the Firm and its affiliates make capital investments in or alongside certain LLCP Vehicles, the Advisers and their affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any LLCP Vehicle's return from a transaction would be equal to and not less than another LLCP Vehicle participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed. Furthermore, the Firm reserves the right to cause LLCP Vehicles to invest in a portfolio company at different times, different prices and at different levels of such portfolio company's capital structure. Such differences create potential conflicts of interest between LLCP Vehicles. For example, where multiple LLCP Vehicles invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions potentially will arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring will potentially raise conflicts of interest, particularly with respect to LLCP Vehicles that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, LLCP Vehicles may or may not provide such additional capital, and if provided, each LLCP Vehicle generally will supply such additional capital in such amounts, if any, as determined by the Firm in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, the Firm expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one LLCP Vehicle versus another (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). There can be no assurance that the return on an LLCP Vehicle's investment will be the same as the returns obtained by the other LLCP Vehicle(s) participating in the transaction. Given the potential conflicts of interest

associated therewith, there can be no assurance that any such conflict can be resolved in a manner that is beneficial to any given LLC Vehicle.

### *Fees and Expenses*

Subject to any relevant restrictions or other limitations contained in the Governing Documents of the LLC Vehicles, the Firm will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with its fiduciary obligations and considering such factors as it deems relevant, but in any case in its sole discretion, subject to applicable legal, contractual or similar restrictions. In exercising such discretion, the Firm expects to be faced with a variety of potential conflicts of interest.

In the event that the Governing Documents of the LLC Vehicles do not outline a procedure for allocation of a particular expense, the Firm will determine the allocation of such expense in a manner it believes is fair and equitable. Generally speaking, but without limiting the foregoing, such expenses will be allocated pro rata among investment vehicles participating or proposing to participate in the related transaction or in another manner determined by the Adviser to be fair and equitable under the circumstances. In circumstances where a proposed transaction is terminated prior to the determination by the Firm of the allocation of such transaction among investment vehicles, consistent with its fiduciary obligations, the Firm will determine if it is more likely than not, based on the facts known at such time, whether a co-investment opportunity in the related transaction would have been offered to a committed or agreed co-investment fund, vehicle or account of the Firm had the transaction moved forward. Subject to applicable legal, contractual or other obligations, if it is determined that such transaction would have been offered to such committed or agreed co-investment fund, vehicle or account then expenses incurred prior to the termination of the opportunity shall be allocated to such entities in accordance with LLC Vehicle's expense allocation policy, which allocates a percentage of expenses based upon historical practice, the size of the funds, vehicles, or managed or sub-managed accounts involved and other Allocation Factors. Expense allocations to the various entities typically range from 5% to 40%. Generally, non-committed co-investors will not bear broken deal expenses. The LLC Vehicles have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in the LLC Vehicles bearing different levels of expenses with respect to the same investment.

As described under "Fees and Compensation" above, the Advisers to certain Funds are entitled to retain a portion of the Transaction and Monitoring Fees associated with such Fund's portfolio investments. As a result, the Advisers in such Funds expect to be subject to a potential conflict of interest to the extent that they have the power to approve transactions resulting in Transaction and Monitoring Fees and set the size of such fees. In many cases, Transaction and Monitoring Fees are based on enterprise value or other metrics relating to a portfolio company, and there can be no assurance that the amount of Transaction and Monitoring Fees charged will be proportional to the amount of hours of work performed on behalf of the portfolio company. Also, because there is a fixed investment period after which capital from the partners in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain

times during the life of the Fund, based upon capital invested by the Fund, this fee structure creates an incentive to deploy capital when the applicable Adviser may not otherwise have done so.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, the Advisers reserve the right to accrue, defer or forego payments of Transaction and Monitoring Fees, and reserves the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the Governing Documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

Furthermore, because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by an Adviser, are reimbursed by a Fund and/or its portfolio companies, an Adviser could be perceived to have a weaker incentive to seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. However, the Firm believes that the Adviser's investment in the applicable Fund, as well as its interest in the carried interest, significantly mitigates the potential conflict of interest highlighted in this paragraph.

In connection with its services to the Funds and their investments, the Firm and its personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Firm's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, the Firm and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**LLCP Information**"). In many cases, LLCP Information will include tools, procedures and resources developed by the Firm to organize or systematize LLCP Information for ongoing or future use. Although the Firm expects its Funds and their portfolio companies generally to benefit from the Firm's possession of LLCP Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by the Firm and its personnel) and not by the Fund or portfolio company from which LLCP Information was originally received. LLCP Information will be the sole intellectual property of the Firm and solely for the use of the Firm. The Firm reserves the right to use, share, license, sell or monetize LLCP Information, without offset to Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset Management Fees.

### *Portfolio Companies*

In certain circumstances, the Firm anticipates that the LLC Vehicle possibly will invest in portfolio companies that have competing business interests. Further, it is possible that certain portfolio companies or subsidiaries in which an LLC Vehicle invests will be actively engaged in the business of investing in securities (collectively, the “**Underlying Vehicles**”). In such circumstances, the Firm could have conflicts of interests in allocating potential securities investments among the Underlying Vehicles.

As a result of the LLC Vehicles’ interests in portfolio companies, the Advisers and/or their affiliates typically have the right to appoint board members to such portfolio companies (including current or former Firm personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members may approve compensation, monitoring fees and/or other amounts payable to an Adviser and/or its affiliates.

Additionally, a portfolio company typically will reimburse its Adviser or service providers retained at such Adviser’s discretion for expenses (including without limitation travel expenses) incurred by such Adviser or such service providers in connection with its performance of services for such portfolio company. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. The Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any LLC Vehicle, their effect is reflected in each vehicle’s audited financial statements, and any fee paid or expense reimbursed to an Adviser or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. The Firm believes that these factors, along with the Firm’s investment in the applicable LLC Vehicle and in carried interest, help to mitigate related conflicts of interest.

The Firm reserves the right to negotiate arrangements with vendors under which portfolio companies owned by an LLC Vehicle are required to participate in purchasing, vendor or similar arrangements with the Advisers, their affiliates and other portfolio companies. Program participants expect to receive discounts negotiated with such vendors on a groupwide basis. Participants are anticipated to pay no amounts to the vendor aside from the discounted fee for services. In certain cases, such arrangements may involve the sharing of risk, such as under group insurance arrangements where deductibles are shared or calculated with regard to the group rather than individual insured parties. The Advisers also expect to participate in any such program, and receive similar benefits and discounts as the portfolio companies participating therein. No such amounts will offset or reduce the Management Fee. The Advisers believe the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the rates for goods and services are discounted relative to those widely available in the market.

In addition, portfolio companies typically pay certain fees to, and reimburse expenses of, third party consultants (including consultants introduced or arranged by an Adviser and/or its affiliates that may regularly provide services to one or more Fund portfolio companies), and such amounts will not offset or reduce the Management Fee as described herein.

### *Industry Relationships*

An Adviser generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for products or services with certain service providers, and from time to time such service providers are expected to include: (i) subject to certain limitations set forth in the Governing Documents of the Fund, if any, an Adviser or a related person of an Adviser (which may include a portfolio company of such Fund) or (ii) an entity with which an Adviser or its affiliates or current or former members of their personnel has a relationship or from which such Adviser or its affiliates or their personnel otherwise derives financial or other benefit including relationships with joint venturers or co-venturers, or relationships where Adviser personnel are seconded, or from which an Adviser receives secondees. This subjects such Adviser to conflicts of interest, because although such Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, such Adviser has a potential incentive to recommend the related or other person because of its financial or other business interest, such as an interest in maintaining goodwill between itself and its former, existing and prospective portfolio companies. There is a possibility that an Adviser, because of such belief or for other reasons, would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Although the Firm generally expects to seek appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other other factors in retaining or recommending service providers. In certain circumstances where an Adviser commits or has committed to seek “market” or “arms-length” rates or terms, it will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Third-party investment in a transaction may also be evidence that the transaction was entered into at “arm’s length”. Consequently, no Adviser expects to undertake any minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, the Advisers reserve the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not an Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable products or services or could provide such products or services at higher quality or lesser cost. However, the Firm believes that the Adviser’s investment in the applicable Fund, as well as its interest in the carried interest, significantly mitigates the potential conflict of interest highlighted in this paragraph.

An Adviser and/or its affiliates reserve the right to employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles

advised by such Adviser and/or its affiliates. Additionally, LLC, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities are likely to invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, an Adviser and/or its affiliates, and/or the Funds or other investment vehicles they advise, and/or portfolio companies of such Funds or other investment vehicles. For example, certain of these vendors are likely to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through LLC entities) to Firm personnel and their estate planning vehicles. The Firm expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more LLC Vehicles, will provide such Adviser information about markets and industries in which such Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Firm. For example, the Firm reserves the right to cause a Fund to make payments to investment banks and/or other intermediaries, all or a portion of which is for the purpose of generating future deal flow for such Fund; however, there can be no assurance that such payments will result in future deal flow, and in certain cases, future deal flow may inure to the benefit of another or a successor Fund rather than the Fund making the payment. The Firm expects to be subject to a potential conflict of interest in making such recommendations, in that such Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

#### *Activities and Investments by Affiliates*

Except to the extent prohibited by the Governing Documents, an Adviser, its affiliates, and equityholders, officers, principals and employees of such Adviser and its affiliates, reserve the right to buy or sell securities or other instruments that such Adviser has recommended to a Fund. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of LLC have, and are expected to continue to have, capital investments in or alongside certain LLC Vehicles, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

Except to the extent prohibited by the Governing Documents, the Firm and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests)

relating thereto. Subject to any limitations imposed by the Governing Documents and anti-“assignment” provisions of the Advisers Act, the Firm and its personnel are also permitted to offer, restructure and monetize interests in the Advisers.

#### *Relationships with Investors; Diverse Investor Interests*

An Adviser and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of the Adviser’s compensation), information rights, specialized reporting rights, priority co-investment rights, rights to serve on the Fund’s advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, excuse rights, as well as economic procedural and other terms.

Side Letters subject the Firm to potential conflicts of interest because the Firm is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners (*e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to LLC, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to LLC, its affiliates and personnel, or the Funds. Further, Side Letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant Adviser or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments. Excuse rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns, or to influence or affect the investment strategy and pursuit of investment opportunities by the applicable Adviser on behalf of the relevant Fund as a whole. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, “blocker” or other structures used to facilitate their investments in, through or below a Fund.

The unaffiliated investors of a Fund are expected to include persons or entities organized in various jurisdictions, which potentially have conflicting investment, tax and other interests in respect of their investments in the Fund. The conflicting interests of individual investors

potentially relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of portfolio investments, the purchase by the Fund of assets from a portfolio company where certain investors did not participate in the portfolio investment in such portfolio company, and the timing of disposition of investments. Such structuring of portfolio investments and other factors have the potential to result in different returns being realized by different investors in the same Fund. As a consequence, potential conflicts of interest are likely to arise in connection with decisions made by LLCP, including in respect of the nature or structuring of investments, that have the potential to be more beneficial for one investor than for another investor, especially in respect of investors' individual tax situations.

### *Affiliate Transactions*

The Firm reserves the right, to the extent permitted under the applicable Fund's partnership agreement, to engage in principal and agency cross transactions. Principal transactions generally include transactions in which an investment adviser directly, or through an affiliate, is acting as principal for its own account and buys securities from, or sells them to, an advisory client. Agency cross transactions generally involve sales between clients and/or certain subsidiaries of clients, including the purchase or sale of securities from a Fund to another Fund or vehicle managed or sub-managed by the Firm, or co-investors or co-investment vehicles. Principal and agency cross transactions are restricted under the terms of certain Fund agreements, and in all cases the Firm will disclose to the limited partners or advisory committee of the affected Fund of such transaction and obtain their consent to enter into the transaction as required.

Although the Firm generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In such situations, the Firm intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement or other arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

Although the Firm expects such transactions would not be engaged in regularly, from time to time the Firm reserves the right, subject to the applicable Governing Documents, to cause an LLCP Vehicle to enter into a transaction whereby such LLCP Vehicle purchases securities from, or sells securities to, other LLCP Vehicles managed by the Firm, or co-investors or co-investment vehicles. Any such transactions raise conflicts of interest, including, but not limited to, the incentive for the Firm to take advantage of economic differences in the LLCP Vehicles participating in such transaction by causing an LLCP Vehicle with economic terms less favorable to the Firm (e.g., lower, reduced or no Management Fees; lower carried interest, including an LLCP Vehicle unlikely to meet a preferred return hurdle required for the Firm to receive carried interest, etc.) to sell an investment to an LLCP Vehicle with economic terms more favorable to the Firm (e.g., higher Management Fees or carried interest, etc.) or to sell a portfolio company from one LLCP Vehicle to another LLCP Vehicle at a price, in the case of an LLCP Vehicle purchasing

a portfolio company from another LLC Vehicle, higher or, in the case of an LLC Vehicle selling a portfolio company to another LLC Vehicle, lower than the price that such LLC Vehicle could have paid to or received from a third party, as the case may be. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Governing Documents or otherwise in the sole discretion of the Firm, the Firm reserves the right to seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness or "arm's-length" nature of a purchase or sale price) and/or by obtaining the consent of the relevant LLC Vehicle(s) (including, where authorized, the consent of each LLC Vehicle's advisory committee) to such transactions. In certain circumstances, the Firm reserves the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to the LLC Vehicle under then-current market conditions. The Firm intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each LLC Vehicle under the circumstances, including a consideration of the potential present and future benefits with respect to each LLC Vehicle.

#### *Insurance*

The relevant liability standards under insurance coverage procured by the Firm are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents, but such variations generally will not have any impact on the responsibility to pay the applicable insurance premiums, as set forth in the Governing Documents.

#### *Resolution of Conflicts*

On any matter involving a conflict of interest not contemplated by the applicable Governing Documents or herein, the Advisers and/or their affiliates shall be guided, in their sole discretion, by their determination as to the best interests of the applicable Fund and other entities managed or advised by the Advisers, and shall take such actions as are determined in the sole discretion of the applicable Adviser to be necessary or appropriate to ameliorate such conflicts of interest.

### **ITEM 9           DISCIPLINARY INFORMATION**

LLCP and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

### **ITEM 10          OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

LLCP is affiliated with the other Advisers of the Firm, which are subject to the Advisers Act pursuant to LLCP's registration in accordance with SEC guidance. These entities operate as

a single advisory business together with LLCP and serve as managers or general partners of private investment funds and other pooled vehicles or accounts and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions. Without limiting the foregoing, LLCP is also affiliated with Levine Leichtman Strategic Capital, LLC, which is separately registered as an investment adviser with the SEC under the Advisers Act. LLSC serves as a sub-manager to a holding company that primarily seeks to acquire controlling equity stakes and loan positions in durable and growing middle-market companies and that is managed by an unaffiliated registered investment adviser. LLCP generally shares common owners, officers, partners, employees, consultants or persons occupying similar positions with LLSC.

LLCP is also affiliated with LLCP Europe LLP, a limited liability partnership incorporated under the laws of England, LLCP Netherlands B.V., a private limited company under Dutch law, LLCP Sweden AB, a limited company under Swedish law, and LLCP Germany GmbH, a limited liability company under German law (each, an “**Unregistered Adviser**”). Personnel of the Unregistered Advisers provide advice to the Firm’s registered investment adviser entities on behalf of its clients. None of the Unregistered Advisers are required to be registered under the Advisers Act, but each operates in compliance with certain related requirements and undertakings as prescribed by the SEC.

A non-controlling minority interest in the Firm is indirectly owned by a third-party passive institutional investor group (the “**Investors**”). The Investors do not have authority over the day-to-day operations or investment decisions of the Firm, although the Investors have negotiated certain minority protection and consent rights.

## **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Firm has adopted a Code of Ethics and Securities Trading Policy (the “**Code**”), which sets forth standards of conduct that are expected of the Firm’s principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Firm personnel to report their personal securities transactions, prohibits or requires pre-clearance for directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering or limited offering, and prohibits Firm personnel from directly or indirectly acquiring beneficial ownership of securities without first obtaining approval from the Firm’s Chief Compliance Officer, with limited exceptions. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to the Firm’s Chief Compliance Officer, at 310-275-5335. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

From time to time, LLCP and its affiliated persons may come into possession, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, LLCP and its affiliated persons are prohibited from improperly disclosing or using such information for their

personal benefit or for the benefit of any person, regardless of whether such person is a client of LLC. Accordingly, should LLC or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, LLC generally would be prohibited from communicating such information to clients, and LLC will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Firm personnel serving as directors of public companies and may restrict trading on behalf of clients, including any of the Funds.

Principals and investment professionals of LLC and its affiliates generally are expected to directly or indirectly own an interest in one or more of the Funds. To the extent that co-investment vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as any of the Funds. Co-invest opportunities may be presented to certain affiliates of the Advisers, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company's structure. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

Although principals, employees and officers of LLC and its affiliates from time to time are likely to buy and sell securities for their own account or the account of others, such persons may not, without the written consent of the applicable Fund's advisory committee, buy securities from or sell securities to the Funds, nor may they hold any securities held by the Funds except as set forth in the applicable Governing Document.

As discussed in "Fees and Compensation," a Fund's general partner or its affiliated employees will from time to time receive Transaction and Monitoring Fees in connection with the making of a portfolio company investment and retain a portion of those fees. As a result, the Firm and/or its employees in such cases likely would be considered to have a material financial interest in the consummation of the portfolio company investment.

LLC and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, such Fund even though their investment objectives may be the same or similar, subject in each case to any limitations imposed by the Governing Documents and investment programs of the Funds and such other accounts or persons.

In borrowing on behalf of a Fund, the Firm is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant

investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the relevant Adviser called capital, and thus could result in the relevant Adviser receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

## **ITEM 12      BROKERAGE PRACTICES**

The Firm focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions. However, a Fund's Advisers reserve the right to distribute securities to investors in such Fund or sell such securities, including through using a broker-dealer, including when a public trading market exists. Although the Firm does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If an Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by such Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

An Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although an Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Adviser of a Fund seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them or a designated third party, as well as for services rendered in the execution of orders by such broker or dealer, although the Firm generally does not make use of

such services at the current time. As a general matter, research provided by these brokers would be used to service all of the Firm's clients. However, each and every research service may not be used for the benefit of each and every client of the Firm (and may benefit the Firm, as it may not have to pay for such services out of its own resources), and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. The Firm will employ no agreement or formula for the allocation of brokerage business on the basis of research services, and will not attempt to put a specific dollar value on services rendered.

The Firm expects on occasion to determine which brokers have provided research that has been helpful in the management of clients. To the extent consistent with the Adviser's goal to obtain best execution for their clients, the Firm reserves the right to seek to place a portion of the trades that it directs with the brokers who are identified through this process.

Certain brokers potentially also will provide investment banking services to LLC. The provision of such services is not taken into account in allocating client brokerage to such firm.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. From time to time, the Advisers expect, but are not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched"; however, the Advisers generally do not expect to do so. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

### **ITEM 13      REVIEW OF ACCOUNTS**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Firm closely monitors companies in which the Funds invest, and the Firm's Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners at least (i) annual audited and quarterly unaudited financial statements and (ii) a Schedule K-1.

### **ITEM 14      CLIENT REFERRALS AND OTHER COMPENSATION**

LLC and/or its affiliates generally provide certain business or consulting services to companies in a Fund's portfolio and generally receive compensation from these companies in connection with such services. Some or all of this compensation, in certain cases, will offset a portion of the Management Fees paid by such Fund, as set forth in the applicable partnership agreement. See "Fees and Compensation."

The Firm reserves the right from time to time to enter into solicitation arrangements pursuant to which the Firm compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. These arrangements are disclosed to the relevant investors. Any fees payable to any such placement agents generally will be borne by the Firm indirectly through an offset against the Management Fee under the relevant Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

#### **ITEM 15 CUSTODY**

LLCP generally expects that it will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2) of assets held in the name of one or more Funds, and intends to maintain such assets with any of Citibank, N.A., Bank of America, Banque BGL BNP Paribas, Societe Generale Bank & Trust S.A. or Imperial Capital, each of which is a qualified custodian.

#### **ITEM 16 INVESTMENT DISCRETION**

The Advisers for a Fund have discretionary authority to manage investments on behalf of such Fund, subject to any limitations set forth in the Governing Documents for such Fund. As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the Fund’s Governing Documents, however, a Fund’s Adviser and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner’s investment in the Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

#### **ITEM 17 VOTING CLIENT SECURITIES**

The Advisers have adopted the Levine Leichtman Capital Partners, LLC Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how they will vote proxies, as applicable, for their respective Fund’s portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of their respective Funds, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of their Funds’ investors, for example, through the principals’ beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies.

The Advisers expect that they will occasionally be subject to material conflicts of interest in the voting of proxies due to business or personal relationships they maintain with persons having an interest in the outcome of certain votes. The Firm and/or its employees potentially also have in certain cases business or personal relationships with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the applicable Fund’s advisory committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. The Advisers do not consider service

on portfolio company boards by Adviser personnel or an Adviser's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of any Fund. Clients or investors that would like a copy of the Firm's complete Proxy Policy or information regarding how an Adviser voted proxies for particular portfolio companies, may contact the Firm's Chief Compliance Officer, at 310-275-5335, and it will be provided at no charge.

#### **ITEM 18      FINANCIAL INFORMATION**

LLCP's balance sheet is included as Appendix A to this Brochure.

**Levine Leichtman Capital Partners, LLC**  
**DRAFT Balance Sheet**  
**December 31, 2021**

**Assets**

Current assets

Cash	\$ 1,280,341
Receivables - other	4,290,010
Prepaid expense	141,653
	<hr/> 5,712,004

<u>Fixed assets, net</u>	<hr/> 11,355,551 <hr/>
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Other assets

Deposit	710,253
Other Assets	143,829
	<hr/> 854,082 <hr/>

<b>Total assets</b>	<hr/> <b>\$ 17,921,637</b> <hr/>
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**Liabilities and member's equity**

Current liabilities

Accounts payable & accrued expenses	\$ 640,467
Deferred Rent	1,112,850
	<hr/> 1,753,317

Members equity	<hr/> 16,168,320
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<b>Total liabilities and member's equity</b>	<hr/> <b>\$ 17,921,637</b> <hr/>
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